GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1778
ANSWERED ON:16.12.2013
AGREEMENT ON AGRICULTURE UNDER WTO
Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Anandan Shri K.Murugeshan;Das Gupta Shri Gurudas;Dharmshi Shri Babar Gajanan;Jagannath Dr. M.;Kumar Shri P.;Panda Shri Prabodh;Singh Shri Rajiv Ranjan (Lalan);Sugumar Shri K. ;Suresh Shri D.K.;Thamaraiselvan Shri R.;Yadav Shri Dharmendra;Yadav Shri Dinesh Chandra

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the enactment of National Food Security Act which aims to provide 5kg foodgrains per person per month at subsidised rates under the targeted public distribution system is reportedly in violation of the global trading rules on agriculture under the World Trade Organisation (WTO);

(b) if so, the details thereof including the basic provisions regarding procurement of foodgrains at the minimum support price, public stock holding and Government subsidies on agricultural goods under present Agreement on Agriculture of the World Trade Organisation (WTO);

(c) whether the Government proposes to evolve consensus among WTO members by requesting them to grant certain relaxations in the provisions of the present Agreement on Agriculture and to enter into a four year peace clause and an Agreement on Trade Facilitation;

(d) if so, the details thereof along with the rationale behind it and action taken by the WTO members to facilitate the process of entering into the said clause/agreements along with its likely impact on small and marginal farmers; and

(e) the efforts being made to ensure that India`s concerns are adequately addressed at the WTO meet in Bali?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

(a) & (b) No, Madam. The provision of subsidized food to the poor or targeted groups under the National Food Security Act is fully compatible with WTO rules. While the accumulation and holding of public stocks for food security purposes is classified as non trade-distorting, procurement at administered prices (Minimum Support Prices in India) is considered to be implicitly trade distorting and is, therefore, subject to a limit under WTO rules.

(c) to (e) Since the limit can be a constraint on the procurement operations of developing countries, India, along with other developing countries submitted a proposal in the WTO for a suitable amendment in the rules to address this issue. During the Ninth Ministerial Conference of the World Trade Organisation held in Bali, Indonesia from 3 to 7 December 2013, Ministers agreed on a Decision that provides for an interim period of protection to public stockholding programmes for food security purposes of developing country Members from being challenged in the WTO on the grounds of exceeding the support which they are entitled to provide. It further provides that Members must agree on a permanent solution on this issue for adoption by the Eleventh Ministerial Conference of the WTO. This Decision ensures that trade rules in respect of agriculture do not come in the way of initiatives aimed at self-sufficiency in food and stabilisation of domestic prices. As a result of the Decision, procurement operations of developing countries will not be constrained by their existing farm support limits.